



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1248

DATE: June 14, 2013

TO: Iowa Medicaid Home and Community Based Services (HCBS)
Habilitation Service Providers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Transition of Habilitation Services to Magellan Behavioral Care
of Iowa; Cost Report and Payment Issues

EFFECTIVE: July 1, 2013

As a reminder, Magellan Behavioral Care of Iowa will begin managing the HCBS Habilitation Services beginning July 1, 2013. This informational letter is intended to address several cost report and payment procedure changes as a result of this transition.

For service dates July 1, 2013, and after, Habilitation Services will be paid by the Iowa Plan. Magellan intends to use the Medicaid Habilitation provider-specific rates in place with the IME on June 30, 2013, subject to the Habilitation Services rate maximums for 2013 listed at 441 Iowa Administrative Code (IAC) 79.1 (2).

Due to the time involved in determining whether HCBS provider qualifications for enrollment are met, the IME is no longer enrolling habilitation providers as of June 1, 2013. If a provider wishes to enroll to provide Habilitation Services after June 1, 2013, they must contact Magellan at the number shown below.

Habilitation providers under contract with Magellan to deliver HCBS Habilitation must continue to comply with all applicable federal and state laws, rules and written policies of the Iowa Medicaid program, including but not limited to Title XIX of the Social Security Act (as amended), the Code of Federal Regulations (CFR), the provisions of the Code of Iowa and rules of the Iowa Department of Human Services and written department policies, including but not limited to policies contained in the Iowa Medicaid Provider Manual.

Annual Cost Reports

Providers will be required to cost settle all Habilitation Services provided through June 30, 2013. Providers must submit final cost reports to the IME within three months following their fiscal year-end, unless the entire business is closing (not just the Habilitation Services program). If a provider fails to submit a cost report for services provided prior to July 1, 2013, that meets the requirements of 441 IAC 79.1(24)(d) the provider's reimbursement rate for services will be reduced to 76 percent of the rate in effect on June 30, 2013. The reduced

rate shall be paid until acceptable cost reports for all services provided prior to July 1, 2013 have been received.

For example, if a business is continuing operations, providers with a June 30, 2013 year-end will submit cost reports by September 30, 2013 and providers with a December 31, 2013 year-end will submit cost reports by March 31, 2014. If the business is closing, the provider is required to submit the final cost report within three months of closure to the IME.

In the future, Magellan intends to work with providers to develop a consistent payment methodology for Habilitation Services. 2014.

Projected Cost Reports

As of June 1, 2013, the IME Provider Cost Audit and Rate Setting Unit, (PCA) is no longer accepting projected cost reports. Through June 30, 2013, PCA will continue to accept provider requests to change to their finalized cost reported rate when they were capped at the prior daily maximum rate. Please reference [Informational Letter #1231](#) for additional information.

Provider Reimbursement

For dates of services July 1, 2013, through December 31, 2013, providers shall be reimbursed by the Iowa Plan for Behavioral Health contractor at the fee schedule or interim rate for the service and the provider in effect on June 30, 2013, with no retrospective adjustment or cost settlement. For dates of services on or after January 1, 2014, providers shall be reimbursed by the Iowa Plan for behavioral health contractor at the rate negotiated by the provider and the contractor

A Fee for Service rate schedule will be established by the Iowa Plan contractor based on fair market value. The rate schedule will take effect no earlier than January 1, 2014 and no later than July 1, 2014.

Provider Enrollment

Magellan has offered a process of enrollment to existing IME Habilitation providers with services or sites that have established rates as of June 1, 2013. Providers or additional provider sites that have become enrolled and have had rates established after June 1 will receive a decision from Magellan by October 1, 2013 on the provider and/or site of service being enrolled as a Magellan provider for Habilitation services.

Exceptions to Policy

Existing exceptions to policy (ETPs) for Habilitation Services will be honored through their expiration. Requests for ETPs in process will be end-dated June 30, 2013. Providers must work with Magellan for new authorizations beginning July 1, 2013, unless the existing exception to policy has a later end-date.

Magellan will accept requests for individual member care exceptions based on determined service need. Magellan will not accept requests that have been approved in the past for multiple members for the purposes of a rate increase.

Ongoing IME Payment

Any Habilitation Services that may need to be billed to the IME instead of Magellan for members who are not Iowa Plan-eligible will be paid at the Iowa Plan provider's rate negotiated by Magellan for that specific provider and service. Magellan will update the IME of those rates.

Should you have any questions regarding Habilitation Service rates prior to June 30, 2013, please contact the IME Provider Cost Audit and Rate Setting Unit at 866-863-8610, locally 515-256-4610, or by email at: costaudit@dhs.state.ia.us.

For questions regarding rates after July 1, 2013, please contact Gloria Scholl at Magellan Behavioral Care of Iowa at 800-638-8820, ext. 85048, or by email at: GJScholl@magellanhealth.com.

[For member care exceptions, contact Steve Johnson at Magellan Behavioral Care of Iowa, 800-638-8820, ext. 85010.](#)

All other questions regarding the habilitation transition may be sent to LeAnn Moskowitz, Program Manager, at: lmoskow@dhs.state.ia.us.